

The Church of Jesus of Christ of Latter-day Saints Trust Board

Financial Statements 31 December 2015



Auckland Missionary Training Center, 19 Redoubt Road, Goodwood Heights, Manukau City

Table of contents

Statement of Comprehensive Income	1
Statement of Changes in Equity	2
Statement of Financial Position	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 22



Luke 20:1

And it came to pass, that on one of those days, as he taught the people in the temple, and preached the gospel, the chief priests and the scribes came upon him with the elders,

Mark 12:29-30

... The first of all the commandments is, Hear, O Israel; The Lord our God is one Lord: And thou shalt love the Lord thy God with all thy heart, and with all thy soul, and with all thy mind, and with all thy strength: this is the first commandment.

The Church of Jesus Christ of Latter-day Saints Trust Board

Statement of Comprehensive Income

For the year ended 31 December 2015

In thousands of New Zealand Dollars

	Note	2015	2014
Income			
Grants, tithing and other donations			
Grant income		43,284	40,716
Donations		40,123	39,856
		<u>83,407</u>	<u>80,572</u>
Sales income			
Sale of Literature and Supplies		1,099	1,084
Other sales income		122	114
Cost of sales		(1,317)	(1,246)
Gross profit		(96)	(48)
Other income			
Rental income		1,545	941
Gain (Loss) on sale of assets		(412)	5,897
Other income		277	171
Interest income		178	116
Foreign exchange gains/ (losses)		(6)	2
		<u>1,582</u>	<u>7,127</u>
Expenditure			
Remuneration and other employee benefits	7	18,432	20,261
Defined benefit plan movements (excluding actuarial movements)		(715)	(934)
General and administrative expenses		10,724	10,141
Facility lease and operating costs		14,456	13,521
Depreciation		11,812	12,185
Grants, donations, humanitarian and local unit expenses		5,725	5,447
Total expenditure	6	<u>60,434</u>	<u>60,621</u>
Surplus for the year		24,459	27,030
Other comprehensive income			
Defined benefit plan actuarial gains/ (losses)	13	677	(4,096)
Total comprehensive income for the year		25,136	22,934

The Church of Jesus Christ of Latter-day Saints Trust Board

Statement of Changes in Equity
 For the year ended 31 December 2015
In thousands of New Zealand Dollars

	Note	Retained earnings	Reserves	Total Equity
Balance 1 January 2014		195,582	57	195,639
Total comprehensive income for the year				
Surplus for the year		27,030		27,030
Other comprehensive income		(4,096)		(4,096)
Total comprehensive income for the year		22,934		22,934
 Transactions with non-owners recorded directly in equity				
Transfer between equity reserves	18	(24)	24	-
 Transactions with owners recorded directly in equity				
 Balance 31 December 2014		218,492	81	218,573
 Total comprehensive income for the year				
Surplus for the year		24,459		24,459
Other comprehensive income		677		677
Total comprehensive income for the year		25,136		25,136
 Transactions with non-owners recorded directly in equity				
Transfers between equity reserves	18	(21)	21	-
 Transactions with owners recorded directly in equity				
 Balance 31 December 2015		243,607	102	243,709

The accompanying notes form part of these financial statements

The Church of Jesus Christ of Latter-day Saints Trust Board

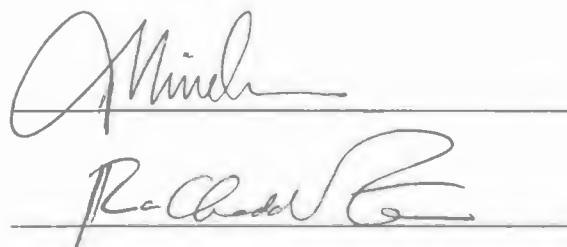
Statement of Financial Position

For the year ended 31 December 2015

In thousands of New Zealand Dollars

	Note	2015	2014
Assets			
Current			
Cash and cash equivalents	8	8,324	6,395
Trade debtors and other receivables	9	1,803	3,172
Inventories	10	-	206
		10,127	9,773
Non current			
Property, plant and equipment	14	232,551	204,187
Deseret Benefit Plan Asset	13	10,148	10,507
		242,699	214,694
Total assets		252,826	224,467
Liabilities			
Current			
Trade creditors and other payables	11	6,453	3,659
Employee entitlements	12	2,664	2,235
		9,117	5,894
Total liabilities		9,117	5,894
Equity			
Retained earnings		243,607	218,492
Reserves	18	102	81
Total equity		243,709	218,573
Total equity and liabilities		252,826	224,467

These financial statements are approved for issue by the Trust Board as at 28th June 2016.



The accompanying notes form part of these financial statements

The Church of Jesus Christ of Latter-day Saints Trust Board

Statement of Cash Flows

For the year ended 31 December 2015
In thousands of New Zealand Dollars

	Note	Trust	2015	2014
Cash flows from operating activities				
Grants and donations received			84,770	80,572
Other receipts			5,045	2,310
Interest received			178	116
Contribution to retirement fund			(251)	
Payments to suppliers and employees			(47,224)	(50,726)
Net cash flows from operating activities	15		42,518	32,272
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment			-	5,897
Purchase of property, plant and equipment			(40,589)	(38,226)
Net cash flows used in investing activities			(40,589)	(32,329)
Net increase in cash and cash equivalents			1,929	(57)
Cash and cash equivalents at beginning of year			6,395	6,452
Cash and cash equivalents at end of year			8,324	6,395



Mormon Helping Hands volunteers turn out in force to clean up Karori Stream in Wellington (February 2015)

The Church of Jesus Christ of Latter-day Saints Trust Board

Notes to the financial statements

For the year ended 31 December 2015

1 Reporting entity

These financial statements comprise the financial statements of The Church of Jesus Christ of Latter-Day Saints Trust Board (the "Trust"), for the year ended 31 December 2015.

The Trust was created pursuant to a trust deed dated 9th May 1921 and was incorporated by private act of the New Zealand Parliament entitled the "Church of Jesus Christ of Latter-day Saints Empowering" Act (1957/1).

The Trust is a charitable trust incorporated under the Charitable Trusts Act 1957, and registered under the Charities Act 2005, and therefore is exempt from income tax.

The principle activity of the Trust is to advance the work of The Church of Jesus Christ of Latter-day Saints (the "Church") in New Zealand by providing it with all temporal support that is required in that effort.

As a religious organisation, the Trust's purposes include the:

- *design, construction and maintenance of places of worship and other church facilities;*
- *provision of religious materials and education services;*
- *organization of disaster relief and other humanitarian aid projects;*
- *provision of counselling and other social services;*
- *training of missionaries and support of the Church's missionary program; and*
- *translation of religious and educational materials.*

None of the Trust's work is carried on for pecuniary profit.

The registered address of the Trust is 11 Huron Street, Takapuna, Auckland.

2 Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to public benefit entities, that qualify for and apply differential reporting concessions.

The Trust qualifies for Public Benefit reporting exemptions as its primary objective is to provide services to the community for social benefit and the Trust has been established with a view to supporting that primary objective rather than financial return. All available public benefit reporting exemptions available under NZ IFRS have been adopted.

3 Basis of preparation

(a) Basis of measurement

The financial statements have been prepared on a historical costs basis, except financial assets stated at their fair value and defined benefit pension plan obligations measured at fair value.

Accrual accounting is used to recognise revenue and expenses and the financial statements have been prepared on a going concern basis.

(b) Presentation currency

The information is presented in New Zealand dollars.

(c) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis.

The Church of Jesus Christ of Latter-day Saints Trust Board

Notes to the financial statements
For the year ended 31 December 2015

(d) Comparatives

The comparative financial period is 12 months. Disclosures under the revised version IAS 19 have been presented since for accounting periods ended 31 December 2013 where appropriate to ensure consistency with the presentation of the current year's performance and results. With this exception the comparative net financial position and performance is consistent with that reported in the 31 December 2013 authorised financial statements.

(e) Changes in accounting policy and disclosure

The accounting policies adopted for the year ended 31 December 2015 are consistent with those of the previous financial year.

The Trust has reviewed changes to New Zealand equivalents to IFRS and IFRIC interpretations and advises that these will result in no change to previous reporting or that the changes are not applicable.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) Foreign currency translation

The Trust holds financial assets denominated in foreign currencies. Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing at the date of the transaction.

Monetary assets denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date, being the date when fair value is measured.

All realised and unrealised gains or losses on foreign currency translation are recognised in the Statement of Comprehensive Income.

(b) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(c) Trade and other receivables

Trade and other receivables are measured at cost less any impairment losses.

A provision for impairment is established where there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivable.

Receivables with a short duration are not discounted.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value (being the net selling price), with due allowance for any damaged and obsolete stock items.

Cost is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net selling price is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale.

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost and current replacement cost.

Any write down in the cost of inventory to net realisable value is recognised in the Statement of Comprehensive Income.

The Church of Jesus Christ of Latter-day Saints Trust Board

Notes to the financial statements
For the year ended 31 December 2015

4 Significant accounting policies (continued)

(e) Property, plant and equipment

Property, plant and equipment is measured at cost or valuation, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

(i) Capitalisation

All items of plant, equipment and vehicles are capitalised if the individual value is greater than US\$10,000. All items with individual value below US\$10,000 are expensed.

(ii) Additions

The cost of replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Trust and the cost of the item can be measured reliably.

(iii) Disposal

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the reported profit or loss.

(iv) Depreciation

Depreciation is charged on a straight-line basis on all property, plant and equipment (except for land) over the estimated useful life of the asset. Depreciation is charged to the profit or loss in the Statement of Comprehensive Income. The following depreciation rates have been applied to each class of property, plant and equipment:

Land and improvements	30 to 40 years (improvements only)
Buildings and improvements	30 to 40 years
Furniture and fittings	3 to 4 years
Plant and equipment	3 to 10 years
Motor vehicles	3 to 4 years

The residual value of property, plant and equipment is reassessed annually.

(f) Trade and other payables

Trade and other payables are measured at amortised cost using the effective interest rate method.

(g) Provisions

A provision is recognised when the Trust has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

A provision for onerous contracts is recognised when the expected benefits expected from the contract are lower than the unavoidable costs of meeting contract obligations.

(h) Employee entitlements

Short term benefits

Employee benefits that the Trust expects to be settled within 12 months of balance date are measured at nominal value based on accrued entitlements at current rate of pays.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Church of Jesus Christ of Latter-day Saints Trust Board

Notes to the financial statements For the year ended 31 December 2015

4 Significant accounting policies (continued)

The Trust recognises a liability for sick leave. The amount is calculated based on the unused sick leave entitlements that can be carried forward at balance date, to the extent that the Trust anticipates that it will be used by staff to cover those future absences.

Deseret Benefit Plan

The Trust is the trustee of the Deseret Benefit Plan (the "Plan"), a registered superannuation scheme that provides employees of the Church with pension benefits on retirement. The Plan is a defined benefit pension scheme. As trustee of the Plan, the Trust is liable for any underfunded past service pension obligations.

The liability amount recognized for defined benefit pension scheme obligations (if any), at each reporting date, is determined by actuarial valuation; and is the net total of the present value of the defined benefit pension scheme obligation, plus any actuarial gains, minus past service costs as well as the fair value of the Plan assets out of which the obligations will be settled.

Past service costs are recognised as an expense in the period when the plan is amended.

The rate used to discount pension plan benefit obligations is determined by the actuaries by reference to market yields at the end of the reporting period on high quality bonds. The currency and term of the corporate bond is consistent with the currency and estimated term of post employment benefit obligations.

Actuarial assumptions used in measuring fair value of defined benefit obligations are based on the Plan being a going concern at the balance sheet date. Actuarial assumptions are not adjusted for curtailment or settlement of the Plan, until this event occurs.

(i) GST

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue is included as part of receivables or payables in the Balance Sheet.

(j) Income tax

Due to its charitable status, the Trust is exempt from income tax.

(k) Financial instruments

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents, investments and trade creditors and other payables. The Trust held no derivative financial instruments (i.e. hedging instruments) in the years reported.

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for those carried at fair value through profit or loss, which are measured at fair value.

4 Significant accounting policies (continued)

Financial assets

The subsequent measurement of financial assets depends on their classification. The Trust currently holds financial assets in one classification:

(i) Loans and receivables

Financial assets that are non-derivative with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Financial instruments classified as *loans and receivables* include: trade debtors and other receivable balances, cash and cash equivalents and investments.

The classification depends on the purpose for which financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

Financial liabilities

All financial liabilities held by the Trust are designated as "loans and receivables", being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method.

The Trust has no off-balance sheet financial instruments.

Impairment of financial assets

All financial assets are subject to review for impairment at least once each reporting date. Accounts receivable are reviewed for impairment when accounts are past due or when other objective evidence is received that a specific counterparty will default. Impairment of trade receivables are presented in the Statement of Comprehensive Income, within expenses.

(l) Impairment

The carrying amounts of the Trust assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Income.

The estimated recoverable amount of assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indicators exist, the Trust estimates the asset's recoverable amount to measure the reversal of any previous period impairment charges. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversals of impairment are recognised in the Statement of Comprehensive Income.

(m) Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Trust and revenue can be reliably measured. Revenue is measured at the fair value of consideration received. The Trust assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the Trust's own account is recognised as gross revenue in the Statement of Comprehensive Income.

The Church of Jesus Christ of Latter-day Saints Trust Board

Notes to the financial statements For the year ended 31 December 2015

4 Significant accounting policies (continued)

The following specific recognition criteria must be met before revenue is recognised:

Donations and grants

Donations and grants are recognised in the Statement of Comprehensive Income when received and all obligations associated with the donations and grants have been met. Where grants have been given for specific services, income will be recognised in the same period in which the specific service is provided. At balance date any unexpended specific funding is treated as a liability (income in advance).

Donated assets are recorded at their value at the date of donation. Like many other charitable organisations, the Trust often receives the benefit of people's time and service carried out free of charge, and this type of donation which cannot be readily quantified, is not recorded in the financial statements.

Sale of goods

Revenue from the sale of goods is recognized in the Statement of Comprehensive Income when the significant risk and rewards of ownership have been transferred to the buyer, usually on delivery of the goods. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the reporting date.

Interest

Interest revenue is recognised as the interest accrues (using the effective interest method).

Rental income

Income from the rental of property is recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease.

Comparatives

The comparative figures have been adjusted to reflect the current years designation of certain items. Equity reserves, other than those with specific restrictions, have been reclassified as retained earnings as there are no specific obligations to maintain these. None of the reclassifications have impacted comprehensive income or total equity.

5 Standards, amendments and interpretations issued that are not yet effective and have not been adopted early

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy). Under this Framework The Trust is classified as a Tier 1 reporting entity and it will be required to apply full Not For Profit Public Benefit Entity Accounting Standards. The effective date for the new standard for public sector entities is for reporting periods beginning on or after 1 April 2015. The Trust will transition to the new standards in preparing financial statements for the period ended 31 December 2016.



Latter-day Saints in New Zealand are sending 2,000 food boxes from Auckland to Vanuatu for the people impacted by Cyclone Pam (March 2015)

The Church of Jesus Christ of Latter-day Saints Trust Board

Notes to the financial statements

For the year ended 31 December 2015

In thousands of New Zealand Dollars

6 Expenditure

Expenditure disclosed in the Statement of Comprehensive Income includes:

Audit fees
Bank fees
Donations
Minimum lease payments - operating leases

	2015	2014
Audit fees	-	-
Bank fees	88	62
Donations	55	-
Minimum lease payments - operating leases	6,428	6,155

Donations above relate to payments made by the Trust Board on behalf of other Church entities in the Pacific Area.

7 Remuneration and other employee benefits

Salaries and Wages
Other employee benefit expenses

	2015	2014
Salaries and Wages	15,952	16,401
Other employee benefit expenses	2,480	3,860
	18,432	20,261

8 Cash and cash equivalents

Cash at bank and in hand
At call funds
Short term deposits

	2015	2014
Cash at bank and in hand	7,129	4,838
At call funds	230	205
Short term deposits	965	1,352
	8,324	6,395

Cash at bank earns interest at floating rates on daily deposit balances.

Short term deposits are made for varying periods of between six months and one year depending on the immediate cash requirements of the Trust, and earn interest at the respective short-term deposit rates.

The Church has a commitment with the Bank of New Zealand in the amount of \$150,000 as security against payroll and other items (2014: \$150,000).

Cash and cash equivalents include the following funds held in Trust:

Maori Agricultural College Memorial Scholarship Fund
Blair Johnson Education Trust
George Terry Trust
David Fisher Trust
Genealogical Trust
Area Education Callister Fund
Area Education Fund

	2015	2014
Maori Agricultural College Memorial Scholarship Fund	-	52
Blair Johnson Education Trust	82	77
George Terry Trust	858	844
David Fisher Trust	-	9
Genealogical Trust	-	335
Area Education Callister Fund	107	-
Area Education Fund	147	239
	1,194	1,556



Faith leaders discuss ways to strengthen New Zealand families and youth

Elder Kevin W. Pearson presents His Grace, Bishop Patrick Dunn with a framed copy of *The Family: A Proclamation to the World* in Auckland, New Zealand on 13 October 2015.

The Church of Jesus Christ of Latter-day Saints Trust Board

Notes to the financial statements
For the year ended 31 December 2015
In thousands of New Zealand Dollars

9 Trade debtors and other receivables

Trade receivables
GST receivable
Other receivables
Less allowance for doubtful debts

Trust		
	2015	2014
Trade receivables	677	562
GST receivable	1,423	2,908
Other receivables	352	386
Less allowance for doubtful debts	(648)	(684)
	1,804	3,172

Allowance for doubtful debts:
Opening balance
Doubtful debts collected
Current year provision movement

Trust		
	2015	2014
Opening balance	(684)	(465)
Doubtful debts collected	36	47
Current year provision movement	-	(266)
	(648)	(684)

All trade receivables are subject to credit risk exposure. There is no concentration of credit risk with respect to receivables outside the entity, as the entity has a large number of customers. The carrying amount of trade and other receivables approximates their fair value.

As at 31 December 2015 there were no significant debtor balances overdue (i.e. greater than 30 days) that had not been provided for.

10 Inventories

Physical inventory

Trust		
	2015	2014
Physical inventory	-	206
	-	206

11 Trade creditors and other payables

Trade creditors
Related party payables
Accrued expenses and other payables

Trust		
	2015	2014
Trade creditors	231	26
Related party payables	494	591
Accrued expenses and other payables	5,728	3,042
	6,453	3,659

Trade creditors and other payables are non-interest bearing and are settled on normal trade terms of 30 day terms, the exception being contract retentions which are settled once the creditor has met their obligations. The carrying value of trade and other payables approximates their fair value.

12 Employee benefit liabilities

Accrued redundancy expenses
Annual leave
Other payroll deductions

Trust		
	2015	2014
Accrued redundancy expenses	-	106
Annual leave	975	998
Other payroll deductions	1,689	1,131
	2,664	2,235

Employee benefits liabilities have been allocated to the balance sheet as follows:

Current
Non-current

	2015	2014
Current	2,664	2,235
Non-current	-	-
	2,664	2,235

The Church of Jesus Christ of Latter-day Saints Trust Board

Notes to the financial statements For the year ended 31 December 2015 *In thousands of New Zealand Dollars*

13 Deseret Benefit Plan

The Deseret Benefit Plan is a registered superannuation scheme that provides employees of the Church with pension benefits on retirement. Usually members may exchange up to 25% of their pension for a lump sum, although full commutation is allowed in some cases. The Plan ceased accepting new members on 31 December 2012.

Members contribute at a rate of 4% of their salaries. They can also make additional voluntary contributions at their own discretion. Member voluntary contributions attract a subsidy of two thirds of the member's voluntary contribution amount, subject to a maximum of 2% of salary less contribution tax.

The Church's contributions are determined by the Church after considering the advice of the Plan's actuary. Following the actuary's advice in the 1 April 2014 interim funding valuation, the Church has ceased making contributions to the Plan with effect from 1 March 2015, though continues to reimburse the Plan for the pensions paid to the disability pensioners. The recommendation in the 1 April 2015 actuarial investigation of the Plan by the Plan's actuary stipulated that the Church's contribution holiday be continued.

Membership information

Membership information is extracted from Mercer's administration records and a summary as at 31 December is provided below:

Membership

Disability pensioners
Active members
Pensioners

	2015	2014
Disability pensioners	1	1
Active members	115	119
Pensioners	110	110

Average age

Active members
Pensioners

51.0
74.9

49.8
74.1

Average pension and salary per annum

Average pension of pensioners

\$ 10,387 \$ 10,296

Methodology

The membership information as at 31 December 2015 and the actual cash flows for the year have been used to determine benefit obligations.

The market value of the assets is based on investment reports from the Plan's investment manager as at 31 December 2015 with an allowance for an estimate of current assets and liabilities at that date.

All actuarial gains and losses are recognised in Other Comprehensive Income.

Contribution tax has been allowed for by adjusting the balance sheet and superannuation expense items for Employer Superannuation Contribution Tax (ESCT), which is consistent with prior years.

Assumptions

The discount rate is determined with reference to market yields on New Zealand government bonds with a term that is consistent with the estimated term of the benefit obligation. The discount rate of 3.9% used in the 31 December 2015 disclosures is based on the risk-free discount rates produced by the Treasury at 31 December 2015 with no adjustment for investment tax. Using the assumptions adopted for the 2015 disclosures the duration of the benefit obligation is 13 years. The rate used at 31 December 2014 was 3.9% p.a., based on the benefit obligation duration of 13 years at that time.

The Church of Jesus Christ of Latter-day Saints Trust Board

Notes to the financial statements

For the year ended 31 December 2015

In thousands of New Zealand Dollars

Deseret Benefit Plan (continued)

Member pensioner mortality has been based on New Zealand Period Life Tables 2012-2014 mortality table, set back by 1 year, together with an age related future mortality improvement scale, starting from 2013 (the mid-point of the period on which the base Life Table was produced). For 2014 disclosure, New Zealand Life Tables 2010-2012, set back by 1 year, with an age related future mortality improvement scale has been used.

The pension increase rate is nil (2014: 0%).

The long term salary inflation rate has been assumed to be 4.0% pa (2014: 4.0%). Retirement age is 60 years for all active members.

Administration expenses are assumed to be \$200,000 p.a. increasing at 100% of CPI, gross of tax relief. The 2014 valuation used 1.5% of members' salaries, net of tax relief.

All members are assumed to commute 25% of their pension for a lump sum at retirement, using cashing factors adopted in January 2016.

ESCT is assumed to be 33% for all beneficiaries.

The in-service disability rates are assumed to be 50% of the active mortality rates.

Disability pensioners are assumed to have normal mortality.

Accounting Policy

Actuarial gains and losses are recognised in the Statement of Comprehensive Income in the year in which they occur.

Nature of benefits

Active members have Defined Benefit style benefits with a pension payable on retirement, although partial commutation is allowed. Members can also contribute to a subsidised voluntary accumulation section. In addition, the Plan has pensioner and disability pensioner members.

Reconciliation of the Net Defined Benefit Liability/ (Asset)

Period ending	2015	2014
Net defined benefit liability/ (asset) at beginning of year	(7,040)	(9,009)
(+) Current service cost	1,138	968
(+) Net interest on the net defined benefit liability / (asset)	(276)	(481)
(+) Past service costs	-	-
(+) (Gains)/ Losses arising from settlements	-	-
(-) Actuarial return on plan assets less interest income	(1,000)	(2,068)
(+) Actuarial (gains) / losses arising from changes in demographic assumptions	(94)	78
(+) Actuarial (gains) / losses arising from changes in financial assumptions	-	4,031
(+) Actuarial (gains) / losses arising from liability experience	641	703
(+) Adjustment for effect of asset ceiling	-	-
(-) Company contributions	(168)	(1,262)
Net defined benefit liability/ (asset) at end of year without contributions tax	(6,799)	(7,040)
Contributions tax	(3,349)	(3,467)
Liability / (Asset) with Contributions Tax	(10,148)	(10,507)
<i>Reconciliation of the fair value of Plan assets</i>		
Fair value of Plan assets at beginning of the year	40,657	37,311
(+) Interest income	1,542	1,867
(+) Actuarial return on plan less interest income	1,000	2,068
(+) Company contributions	168	1,262
(+) Contributions by plan participants	590	576
(-) Benefits paid	(1,371)	(2,015)
(-) Premiums and expenses paid	(362)	(412)
(+) Transfers in	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
Fair value of Plan assets at end of the year	42,204	40,657

The Church of Jesus Christ of Latter-day Saints Trust Board

Notes to the financial statements

For the year ended 31 December 2015

In thousands of New Zealand Dollars

Deseret Benefit Plan (continued)

Reconciliation of the defined benefit obligation

	2015	2014
Present value of defined benefit obligation at beginning of the year	33,617	28,302
(+) Current service cost	1,138	968
(+) Interest expense	1,266	1,386
(+) Contributions by participants	590	576
(+) Actuarial (gains)/ Losses arising from changes in demographic assumptions	(94)	78
(+) Actuarial (gains)/ Losses arising from changes in financial assumptions	-	4,031
(+) Actuarial (gains)/ Losses arising from liability experience	641	703
(-) Benefits paid	(1,371)	(2,015)
(-) Premiums and expenses paid	(382)	(412)
(+) Transfers in	-	-
(+) Past service cost	-	-
(+) Curtailments	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
Present value of defined benefit obligation at end of the year	35,405	33,617

Reconciliation of the effect of the asset ceiling

The asset ceiling has no impact on the net defined benefit liability/ (asset).

Fair value of Assets

<u>Asset category</u>	<u>Total</u>	Quoted prices in active markets	No quoted prices in active markets
Net current assets/ (liabilities)	159	-	159
Equity instruments	-	-	-
Debt instruments	-	-	-
Real estate	-	-	-
Derivatives	-	-	-
Investment funds - Australasian Equity	6,163	6,163	-
Investment funds - International Equity	15,714	15,714	-
Investment funds - Fixed Income	10,557	10,557	-
Investment funds - Cash	5,168	5,168	-
Investment funds - Property	4,443	4,443	-
Asset-backed securities	-	-	-
Structured debt	-	-	-
Total	42,204	42,045	159

The percentage invested in each asset class at the balance sheet date:

	2015	2014
Australasian Equity	14.6%	15.3%
International Equity	37.4%	40.4%
Fixed Income	25.1%	27.4%
Property	10.6%	10.4%
Other	0.0%	0.0%
Cash	12.3%	6.5%
Total	100.0%	100.0%

The fair value of assets includes no amount relating to:

- any of the Church's own financial instruments
- any property occupied by, or other assets used by the Plan.

Funding arrangements

The funding objective adopted at the 1 April 2015 actuarial investigation of the Plan is to ensure that the Plan's assets are not less than the value of accrued benefits.

The results of the the actuarial investigation revealed that the actuarial surplus has increased, and the Plan's actuary recommended that the Church's contribution holiday be continued.

<u>Expected contributions</u>	<u>Period ending</u>	31-Dec-16	31-Dec-15
Expected employer contributions (net of contributions tax)		0	248

The Church of Jesus Christ of Latter-day Saints Trust Board

Notes to the financial statements
 For the year ended 31 December 2015
In thousands of New Zealand Dollars

Deseret Benefit Plan (continued)

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 12.8 years. The undiscounted average expected term of the defined benefit liabilities is 18.2 years.

Supplemental information

Reconciliation of the assets and liabilities recognised in the balance sheet

	2015	2014
Defined benefit obligation	35,405	33,617
(-) Fair value of assets	42,204	40,657
(-) Unrecognised past service cost	-	-
(+) Adjustment for limitation on net asset	-	-
Liability/ (Asset)	(6,799)	(7,040)
Contributions tax	(3,349)	(3,467)
Liability/ (Asset) with contributions tax	(10,148)	(10,507)

Expense recognised in the income statement

	2015	2014
Current service cost	1,138	968
Net interest cost	(276)	(481)
Past service cost	-	-
Gain/ (loss) on settlement	-	-
Superannuation expense/ (Income)	862	487
Contributions tax	425	240
Superannuation expense/ (Income) with contributions tax	1,287	727

Amounts recognised in other comprehensive income

	2015	2014
Actuarial (gains)/ losses	547	4,812
(-) Actuarial return on assets less interest income	(1,000)	(2,068)
(+) Adjustment for the effect of the Asset Ceiling	-	-
Total Recognised via OCI	(453)	2,744
Contributions tax	(224)	1,352
Total Recognised via OCI with Contributions Tax	(677)	4,096

Movement in the net asset recognised in the balance sheet

	2015	2014
Opening liability/ (Asset) with contributions tax	(10,507)	(13,446)
Superannuation expense/ (income)	1,287	727
Employer contributions	(251)	(1,884)
Amount of loss/ (gain) recognised via OCI	(677)	4,096
Closing liability/ (asset) with contributions tax	(10,148)	(10,507)

Sensitivity analysis

The defined benefit obligation as at 31 December 2015 under different scenarios is presented below.

	Defined benefit obligation (NZ\$'000s)
Base Case	35,405
Scenario A: 1% lower discount rate assumption	39,831
Scenario B: 1 year additional life expectancy	36,025
Scenario C: 0% commutation	36,307
Scenario D: 1% higher salary inflation	36,386

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Value of Economic Benefits from a reduction in Church contributions

	2015	2014
Future service liabilities	12,967	13,402
(-) Present value of future contributions by participants	(3,148)	(3,265)
(+) Present value of estimated future administration expenses	2,264	1,224
Value of Economic Benefits excluding Contributions Tax	12,083	11,361

The Church of Jesus Christ of Latter-day Saints Trust Board

Notes to the Financial Statements

For the year ended 31 December 2015
In thousands of New Zealand Dollars

14 Property, plant and equipment

31 December 2015

	Land, Buildings, Furniture and Fittings	Equipment	Vehicles	Total
Cost				
Balance 1 January 2015	316,868	499	9,213	326,580
Additions	49,613	-	1,624	51,237
Disposals	(1,552)		(1,214)	(2,766)
Balance 31 December 2015	364,929	499	9,623	375,051
Accumulated depreciation and impairment				
Balance 1 January 2015	(118,557)	(431)	(3,405)	(122,393)
Depreciation expense	(21,439)	(38)	(1,252)	(22,729)
Written back on disposal/adjusted for residual	1,064		1,558	2,622
Balance 31 December 2015	(138,932)	(469)	(3,099)	(142,500)
Carrying amount 31 December 2015	225,997	30	6,524	232,551

As at 31 December 2015 all property, plant and equipment of the Group was held by the Trust.

All items of plant, equipment and vehicles are capitalised only if the individual value is greater than US\$10,000. All items with individual value below US\$10,000 are expensed. Amount expensed 2015 \$2,131,894 (2014: \$1,959,851).

The Church of Jesus Christ of Latter-day Saints Trust Board

Notes to the Financial Statements

For the year ended 31 December 2015
In thousands of New Zealand Dollars

Property, plant and equipment (continued)

31 December 2014

	Land, Buildings, Furniture and Fittings	Equipment	Vehicles	Total
Cost				
Balance 1 January 2014	280,224	445	9,584	290,253
Additions	38,174	54	3,657	41,885
Disposals	(1,530)	-	(4,028)	(5,558)
Balance 31 December 2014	316,868	499	9,213	326,580
Accumulated depreciation and impairment				
Balance 1 January 2014	(109,367)	(425)	(2,314)	(112,106)
Depreciation expense	(9,190)	(6)	(1,091)	(10,287)
Written back on disposal	-	-	-	-
Balance 31 December 2014	(118,557)	(431)	(3,405)	(122,393)
Carrying amount 31 December 2014	198,311	68	5,808	204,187

As at 31 December 2014 all property, plant and equipment of the Group was held by the Trust.

The Church of Jesus Christ of Latter-day Saints Trust Board

Notes to the financial statements
For the year ended 31 December 2015
In thousands of New Zealand Dollars

15 Reconciliation of profit for the year to net cash flows from operations

	2015	2014	Trust
Total Comprehensive Income for the Year	25,136	22,934	
<i>Non cash items</i>			
Depreciation	11,812	12,185	
Revaluation DBP Asset	(677)	4,096	
DBP non cash adjustments	1,036	(1,157)	
<i>Items classified as investing activities</i>			
Loss / (gain) on disposal of property, plant and equipment	412	(5,897)	
<i>Movement in working capital</i>			
(Decrease)/increase in trade and other payables	2,795	1,905	
(Decrease)/increase in employee entitlements	429	(77)	
(Increase)/decrease in trade debtors and other receivables	1,369	(1,717)	
(Increase)/decrease in inventories	206	-	
Net cash flow from operating activities	42,518	32,272	

16 Lease commitments

	2015	2014	Trust
Operating lease commitments payable			
<i>Minimum lease payments under non-cancellable</i>			
Not later than one year	716	1,063	
Between one and two years	443	705	
Two years to five years	799	435	
Net cash flow from operating activities	1,958	2,203	

The Trust leases property, plant and equipment in the normal course of its operations. Leases can be renewed at the Trust's option.

17 Capital Management

Capital includes retained earnings of the Trust. The primary objective of the Trust's capital management policy is to ensure working capital is maintained in order to support its activities. The Trust manages its capital structure and makes adjustment to it, in light of changes to funding requirements. To maintain or adjust the capital structure, budgeted discretionary expenditure is reduced to ensure external financing is not required.



A Day of Reflection and Giving
Thanks: New Zealand Latter-day
Saints honour past and present
servicemen and servicewomen
(Anzac Day, April 2015)

The Church of Jesus Christ of Latter-Day Saints Trust Board

Notes to the financial statements
 For the year ended 31 December 2015
In thousands of New Zealand Dollars

18 Equity reserves

	Opening	Transfer from/(to) retained earnings	Closing
2015 Restricted Funds	81	21	102

	Opening	Transfer from/(to) retained earnings	Closing
2014 Restricted Funds	57	24	81

All movements to and from Equity Reserves are through the Retained Earnings equity account in the Statement of Changes in Equity. No equity reserve movements are taken directly to equity and movements in equity reserves do not impact the Statement of Comprehensive Income.

Restricted funds

The Church operates a number of Restricted Funds to record amounts received over the years through bequests and testaments from members, the use of which is restricted. The bequests and testaments can only be used in accordance with benefactor's specific directions. The interest earned on the bequests and testaments is added to the original fund and similarly may only be used in accordance with the benefactor's specific directions.

The Church of Jesus Christ of Latter-Day Saints Trust Board

Notes to the financial statements
 For the year ended 31 December 2015
In thousands of New Zealand Dollars

19 Related parties

(a) Parent and ultimate controlling party

The ultimate controlling party of the Trust is The Church of Jesus Christ of Latter-day Saints Trust Board.

(b) Transactions with related parties

The Trust has a related party relationship with its Church Head Office in Salt Lake City, USA.

The Trust receives grants from the Church Head Office in Salt Lake City, USA, which subsidises part of the Trust's costs in performing its services. These amounts are recorded as grant income and is reported within the category of other revenue in the Statement of Comprehensive Income. Grant income totalled \$43.3 million during the year ended 31 December 2015 (2014: \$40.7 million).

(c) Key management personnel

The Trust and Group has a related party relationship with its trustees, director and executive officers.

	Trust	
	2015	2014
Trustee fees		
Executive management remuneration	1,002	1,116

Total remuneration paid to key management personnel is made up of short-term employee benefits. No other post employment benefits, termination benefits or long term benefit arrangements have been expensed in the years reported.

20 Financial instruments

The carrying amount of all material balance sheet financial assets and liabilities are considered to be equivalent to their fair value. The Trust has no off-balance-sheet financial instruments.

All financial assets held by the Trust are classified as "loans and receivables" and carried at cost less accumulated impairment losses or "financial instruments at fair value" through profit or loss.

All financial liabilities are measured at amortised cost using the effective interest rate method.

(a) Risk management analysis

The Trust is exposed to various risks in relation to financial instruments. The main types of risk are credit risk and liquidity risk. The Trust has a series of policies to manage the risk associated with financial instruments. Policies have been established which do not allow transactions that are speculative in nature to be entered into.

(i) Credit risk

Credit risk is the risk that a third party defaults on its obligation to the Trust, causing the Trust to incur losses. The Trust has no significant concentration of credit risk in relation to accounts receivable. The carrying amount of trade and other receivables represents the Trust's maximum exposure to credit risk at balance date. With respect to cash and cash equivalents there is a concentration of credit risk as the Trust banks with three trading banks. There is limited credit risk as the funds are on deposit with these registered trading banks all of which have appropriate credit ratings.

The Trust at balance date has no accounts receivable past due, that have not been provided for.

The Church of Jesus Christ of Latter-Day Saints Trust Board**Notes to the financial statements**

For the year ended 31 December 2015

In thousands of New Zealand Dollars

20 Financial instruments (continued)**(ii) Liquidity risk**

Liquidity risk represents the Trust's ability to meet its contractual obligations as they fall due. The Trust manages liquidity risk by managing cash flows and ensuring that adequate credit lines are in place to cover potential short falls.

Trust 2015 <i>Undiscounted Contractual cash flows of financial instruments held</i>	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	Greater than 12 months
Liabilities					
Trade and other payables	6,453	6,453	6,453		
Trust 2014 <i>Undiscounted Contractual cash flows of financial instruments held</i>					
Liabilities					
Trade and other payables	3,659	3,659	3,659	-	-

(b) Financial instrument classification

All financial assets held by the Trust are classified as loans and receivables and measured at amortised cost using the effective interest rate method, less provision for impairment.

All financial liabilities held by the Trust are classified as loans and receivables and measured at amortised cost using the effective interest rate method.

The Church of Jesus Christ of Latter-Day Saints Trust Board

Notes to the financial statements
For the year ended 31 December 2015
In thousands of New Zealand Dollars

21 Capital commitments

The Trust has \$39,700,000 capital commitments at balance date (2014: \$7,930,000).

22 Contingent liabilities

The Trust has no contingent liabilities at balance date (2014: Nil).

23 Subsequent events

There were no subsequent events.

24 Audit

The Financial Statements have not been audited.

To learn more about *the Church of Jesus Christ of Latter-day Saints*, to find out about our beliefs and what we do, and to see stories about our members who live in your communities look us up on Facebook at Mormon.org

[Here are some snapshots from that site:](#)

